Private Exchange
Providing Employees Value and Choice

DAVE TORRI | OCTOBER 15, 2015
Agenda

• What is a Private Exchange Model?
• What does it mean for my employees?
• The shopping experience
• What it means to your College?
• Why Now?
What is a Private Exchange Anyway?!

- **Employer sponsored benefits in marketplace**
  - Medical
  - Ancillary
  - Voluntary
  - Other

- **Fully insured or self insured options**

- **Shopping experience**
  - Marketplace vendor identified
  - Sponsor selects carrier(s)
  - Budget determined
  - Sponsor selects plan options
  - Employees purchase products
What is a Private Exchange?

• **Employer sponsored marketplace**
  – All benefits options in one place

• **Decision making support**

• **Shopping experience**
  – Defined Contribution
  – Employee Engagement
  – Tailored Benefits
  – Employees purchase products
What Does This Mean for my Employees?

Employees translate employee needs into a personalized benefits portfolio based on their needs, preferences and own risk tolerance.
Shop for the benefits that fit you
Shop for Benefits

• In “My Profile,” you’ll answer questions about your dependents, risk tolerance, finances and lifestyle. Your answers help Gallagher Marketplace create a personalized benefits portfolio – just for you.

Step 1 of 7

Basic Information

Your employer gave us this information. If you need to make changes to your phone number(s) and/or email address, please do so below. To update your address information, please contact your HR administrator.

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Address:
54 Main St.
Buffalo, New York 14203
United States of America
Complete the Quick Health Profile for yourself and dependent(s) by clicking on the blue box for each individual.
Profile – My Health

- You’ll also be asked to answer additional, brief questions that will further tailor your recommended benefits portfolio.

How would you describe your health? (You might feel "good" about management of a serious condition, but you’d describe your health in general as poor.)

(Me)

In the next year, do you or any of your dependents anticipate having expenses related to dental care?

* Check all that apply:

- Preventive dental cleanings
- Significant dental care needs such as bridges, crowns, or dentures
- Orthodontia treatment

(Me)
Billy (Child)
Kelly (Child)
Chris (Spouse)
Profile – Risk

- You’ll also be asked to answer a few questions about your attitude towards risk.
Profile – Finances

I believe it is important to preserve my income if I can’t work because of a disability.

If I were to lose my income for a few months, things would be financially difficult.

If I were to lose my income for a year, things would be financially difficult.

Saving for retirement is an important financial goal for me currently.

Insurance protects your financial lifestyle

- See how Life Insurance helped protect a family’s assets (3-minutes)
- See how Disability Insurance helped protect Bill’s income (3-minutes)
Finally, you’ll be asked to answer questions around your lifestyle, concerns and desires.
Once your profile is complete, you’ll review the factors on which your recommendations will be based. Click to view your recommended benefits portfolio.

Steps Complete

Your Summary
Here’s what we’ve learned about you. The system uses everything it knows about you to find you the right benefits for your needs.

If you don’t agree with these results, you can return to your profile and make changes.

You May Cover
The number of people, including yourself and any dependents, the system will consider for your recommendation.

Risk Tolerance
A low risk score, such as a one or two, means that you tend to avoid risk. A high risk score, such as a seven or eight, suggests that we might find you bungee jumping.
Recommendation Engine

Employee Input

Health
- Expected Utilization
- Health Status
- Network Preferences

Wealth
- Income
- Savings

Personality
- Risk Tolerance
- Health & Financial Concerns
- Healthcare Consumerism

Public Data

Statistical Modeling

A sophisticated algorithm creates a recommendation considering:
- Types of plans that match people’s specific needs and wants
- A cost that balances premiums with expected out-of-pocket expenses
- A match to physician network preferences and overall desires and concerns

Healthcare Costs & Utilization
Coverage that’s right for you
Shop for Benefits – Recommended Portfolio

- Keep in mind that our recommended benefits portfolio is calculated based on your responses, *but this is only a recommendation*. You’ll select and enroll in the benefits you choose in the following step. Clicking any of the links under the **Plan/Program** or **Find Out Why** columns provides additional information for each benefit.

**Recommendation**

Based on your information, we’ve created a personalized benefits portfolio just for you. Use the **FIND OUT WHY** buttons to find out why we’ve recommended each plan.

![Recommended Benefits Portfolio Chart]

- **My Employer Contributes**: $132.08
- **Costs**
  - **Health**: $279.81
  - **Protection**: $50.36
  - **Total**: $330.17
  - **I Pay**: $198.09

[Add / Edit These Recommended Plans]

[Start with an Empty Cart]
Shop for Benefits – Recommended Portfolio

- At the bottom of your recommended benefits portfolio, select **ADD RECOMMENDED TO MY CART** to start with your recommended benefits or **SELECT MY OWN PLANS** to start with an empty cart.
So What?!

- 80% of people choose a health plan that is NOT the plan they had the year before.
- 90% of the different plans chosen are less expensive. (80/20 adage)
- 65% of employees choose a HDHP (high deductible health plan).
- 88% of people who choose a HDHP plan fund the plan with an HSA
- When available, narrow-network HMO/PPO plans attract 30%-50% of people
  ONE YEAR LATER...
- 90% are NOT planning to make any plan changes in next 2 years.
- Satisfaction increased.
- People take control of their insurance choice and their healthcare spend.
What it all means

• **College**
  – Predictable benefit budgets
  – Strategic advice and support
  – Administrative ease

• **Employees (consumers)**
  – Meaningful choice
  – Decision support
  – Risk Management
  – Advocacy
Why Now?

Changing Benefits Environment

- Healthcare Reform
- Healthcare trends
- Budget and pension restraints
- Board pressures
- Competition and choice
- Employee Engagement
Thank You

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